

**OFFICE OF AUDITOR OF STATE**

STATE OF IOWA

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Des Moines, Iowa 50319-0004

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Mary Mosiman, CPA
Auditor of State**NEWS RELEASE**

FOR RELEASE

March 4, 2016

Contact: Andy Nielsen
515/281-5834

Auditor of State Mary Mosiman today released an audit report on Taylor County, Iowa.

The County had local tax revenue of \$10,240,071 for the year ended June 30, 2015, which included \$840,974 in tax credits from the state. The County forwarded \$6,395,953 of the local tax revenue to the townships, school districts, cities and other taxing bodies in the County.

The County retained \$3,844,118 of the local tax revenue to finance County operations, a 12.4% increase over the prior year. Other revenues included charges for service of \$964,504, operating grants, contributions and restricted interest of \$3,346,861, capital grants, contributions and restricted interest of \$268,168, local option sales tax of \$199,132, gain on disposition of capital assets of \$3,167, unrestricted investment earnings of \$67,344 and other general revenues of \$113,469.

Expenses for County operations for the year ended June 30, 2015 totaled \$8,578,291, a 3.6% decrease from the prior year. Expenses included \$4,732,307 for roads and transportation, \$1,266,729 for public safety and legal services and \$1,008,658 for physical health and social services.

A copy of the audit report is available for review in the County Auditor's Office, in the Office of Auditor of State and on the Auditor of State's web site at <http://auditor.iowa.gov/reports/1510-0087-B00F.pdf>.

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TAYLOR COUNTY
INDEPENDENT AUDITOR'S REPORTS
BASIC FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION
SCHEDULE OF FINDINGS
JUNE 30, 2015

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Taylor County

Officials

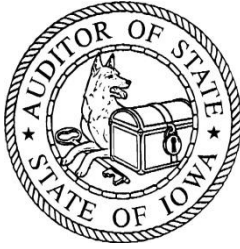
(Before January 2015)

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Robert Lundquist	Board of Supervisors	Jan 2015
Charles Ambrose	Board of Supervisors	Jan 2017
Jerry Murphy	Board of Supervisors	Jan 2017
Bonny Baker	County Auditor	Jan 2017
Pam Sprague	County Treasurer	Jan 2015
Rick Sheley	County Recorder	Jan 2015
Josh Weed	County Sheriff	Jan 2017
Clinton L. Spurrier	County Attorney	Jan 2015
Sharon Dalton	County Assessor	Jan 2016

(After January 2015)

Charles Ambrose	Board of Supervisors	Jan 2017
Jerry Murphy	Board of Supervisors	Jan 2017
Doug Horton	Board of Supervisors	Jan 2019
Bonny Baker	County Auditor	Jan 2017
Dana Davis	County Treasurer	Jan 2019
Rick Sheley	County Recorder	Jan 2019
Josh Weed	County Sheriff	Jan 2017
Clinton L. Spurrier	County Attorney	Jan 2019
Sharon Dalton	County Assessor	Jan 2016

Taylor County



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Independent Auditor's Report

To the Officials of Taylor County:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Taylor County, Iowa, as of and for the year ended June 30, 2015, and the related Notes to Financial Statements, which collectively comprise the County's basic financial statements listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with U.S. generally accepted accounting principles. This includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the County's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of Taylor County as of June 30, 2015, and the respective changes in its financial position for the year then ended in accordance with U.S. generally accepted accounting principles.

Emphasis of a Matter

As discussed in Note 12 to the financial statements, Taylor County adopted new accounting guidance related to Governmental Accounting Standards Board (GASB) Statement No. 68, Accounting and Financial Reporting for Pensions - an Amendment of GASB Statement No. 27. Our opinions are not modified with respect to this matter.

Other Matters

Required Supplementary Information

U.S. generally accepted accounting principles require Management's Discussion and Analysis, the Budgetary Comparison Information, the Schedule of the County's Proportionate Share of the Net Pension Liability, the Schedule of County Contributions and the Schedule of Funding Progress for the Retiree Health Plan on pages 9 through 15 and 48 through 58 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with U.S. generally accepted auditing standards, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.


Supplementary Information

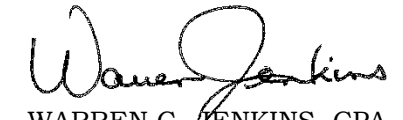
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Taylor County's basic financial statements. We previously audited, in accordance with the standards referred to in the third paragraph of this report, the financial statements for the nine years ended June 30, 2014 (which are not presented herein) and expressed unmodified opinions on those financial statements. The supplementary information included in Schedules 1 through 5 is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with U.S. generally accepted auditing standards. In our opinion, the supplementary information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated February 4, 2016 on our consideration of Taylor County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering Taylor County's internal control over financial reporting and compliance.


MARY MOSIMAN, CPA
Auditor of State


WARREN G. JENKINS, CPA
Chief Deputy Auditor of State

February 4, 2016

Taylor County

MANAGEMENT'S DISCUSSION AND ANALYSIS

Taylor County provides this Management's Discussion and Analysis of its financial statements. This narrative overview and analysis of the financial activities is for the fiscal year ended June 30, 2015. We encourage readers to consider this information in conjunction with the County's financial statements, which follow.

2015 FINANCIAL HIGHLIGHTS

- The County implemented Governmental Accounting Standards Board Statement No. 68, Accounting and Financial Reporting for Pensions – an Amendment of GASB Statement No. 27, during fiscal year 2015. The beginning net position for governmental activities was restated by \$1,728,080 to retroactively report the net pension liability as of July 1, 2014 and deferred outflows of resources related to contributions made after June 30, 2013 but prior to July 1, 2014. The pension expense for fiscal year 2014 and the net pension liability, deferred outflows of resources and deferred inflows of resources were not restated because the information needed to restate those amounts was not available.
- Revenues of the County's governmental activities increased 4.2%, or approximately \$356,000, from fiscal year 2014 to fiscal year 2015. Property and other county tax increased approximately \$353,000, or 11%. Capital grants, contributions and restricted interest decreased approximately \$152,000, or 36.2%, primarily due to a decrease in funding from the Iowa Department of Transportation for road projects and reimbursements for a county highway resurfacing project.
- Program expenses of the County's governmental activities were 3.6%, or approximately \$316,000, less in fiscal year 2015 than in fiscal year 2014. Roads and transportation expenses decreased approximately \$108,000, or 2.2%, from fiscal year 2014 to fiscal year 2015. Public safety and legal services expenses decreased approximately \$90,000, or 6.6%. Mental health expenses decreased approximately \$74,000, or 33.6%.
- Net position at June 30, 2015 increased 1.2%, or approximately \$228,000, over the restated June 30, 2014 balance.

USING THIS ANNUAL REPORT

The annual report consists of a series of financial statements and other information, as follows:

Management's Discussion and Analysis introduces the basic financial statements and provides an analytical overview of the County's financial activities.

The Government-wide Financial Statements consist of a Statement of Net Position and a Statement of Activities. These provide information about the activities of Taylor County as a whole and present an overall view of the County's finances.

The Fund Financial Statements tell how governmental services were financed in the short term as well as what remains for future spending. Fund financial statements report Taylor County's operations in more detail than the government-wide financial statements by providing information about the most significant funds. The remaining financial statements provide information about activities for which Taylor County acts solely as an agent or custodian for the benefit of those outside of County government (Agency Funds).

Notes to Financial Statements provide additional information essential to a full understanding of the data provided in the basic financial statements.

Required Supplementary Information further explains and supports the financial statements with a comparison of the County's budget for the year, the County's proportionate share of the net pension liability and related contributions, as well as presenting the Schedule of Funding Progress for the Retiree Health Plan.

Supplementary Information provides detailed information about the nonmajor governmental and the individual Agency Funds.

REPORTING THE COUNTY'S FINANCIAL ACTIVITIES

Government-wide Financial Statements

One of the most important questions asked about the County's finances is, "Is the County as a whole better off or worse off as a result of the year's activities?" The Statement of Net Position and the Statement of Activities report information which helps answer this question. These statements include all assets, deferred outflows of resources, liabilities and deferred inflows of resources using the accrual basis of accounting and the economic resources measurement focus, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account, regardless of when cash is received or paid.

The Statement of Net Position presents financial information on all the County's assets, deferred outflows of resources, liabilities and deferred inflows of resources, with the difference reported as net position. Over time, increases or decreases in the County's net position may serve as a useful indicator of whether the financial position of the County is improving or deteriorating.

The Statement of Activities presents information showing how the County's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will not result in cash flows until future fiscal years.

The County's governmental activities are presented in the Statement of Net Position and the Statement of Activities. Governmental activities include public safety and legal services, physical health and social services, mental health, county environment and education, roads and transportation, governmental services to residents, administration, interest on long-term debt and non-program activities. Property tax and state and federal grants finance most of these activities.

Fund Financial Statements

The County has two kinds of funds:

1) Governmental funds account for most of the County's basic services. These focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. The governmental funds include: 1) the General Fund, 2) the Special Revenue Funds, such as Mental Health, Secondary Roads and Rural Services, 3) the Debt Service Fund and 4) the Capital Projects Fund. These funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund financial statements provide a detailed, short-term view of the County's general governmental operations and the basic services it provides. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the County's programs.

The required financial statements for governmental funds include a Balance sheet and a Statement of Revenues, Expenditures and Changes in Fund Balances.

2) Fiduciary funds are used to report assets held in a trust or agency capacity for others which cannot be used to support the County's own programs. These fiduciary funds include Agency Funds that account for the County Assessor, emergency management services and the Empowerment area, to name a few.

The required financial statement for fiduciary funds is a Statement of Fiduciary Assets and Liabilities.

Reconciliations between the government-wide financial statements and the governmental fund financial statements follow the governmental fund financial statements.

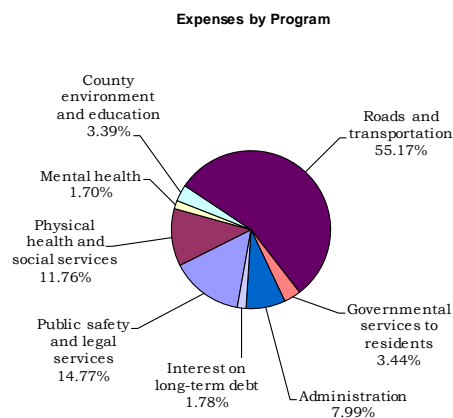
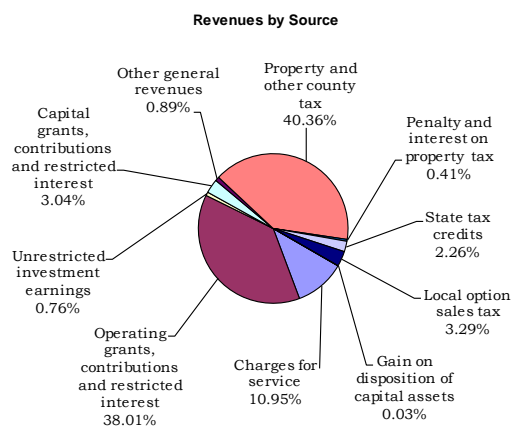
GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of financial position. Taylor County's combined net position decreased from approximately \$20.1 million to approximately \$18.6 million during the year. The analysis that follows focuses on the changes in the net position of governmental activities.

Net Position of Governmental Activities (Expressed in Thousands)		
	June 30,	
	2015	2014 (Not Restated)
Current and other assets	\$ 9,342	11,334
Capital assets	23,051	21,768
Total assets	32,393	33,102
Deferred outflows of resources	334	-
Long-term liabilities	9,548	8,938
Other liabilities	375	615
Total liabilities	9,923	9,553
Deferred inflows of resources	4,250	3,495
Net position:		
Net investment in capital assets	15,919	16,741
Restricted	2,938	2,217
Unrestricted	(303)	1,096
Total net position	\$ 18,554	20,054

Prior to restatement, the net position of Taylor County's governmental activities decreased approximately \$1.5 million, or 7.5%. The largest portion of the County's net position is invested in capital assets (e.g., land, infrastructure, buildings and equipment), less the related debt. The debt related to the investment in capital assets is liquidated with resources other than capital assets. Restricted net position represents resources subject to external restrictions, constitutional provisions or enabling legislation on how they can be used. Unrestricted net position – the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements – decreased from approximately \$1,096,000 at June 30, 2014 to a deficit of approximately \$303,000 at the end of the year, a decrease of 127.6%, primarily due to recording the net pension liability as of July 1, 2014.

Changes in Net Position of Governmental Activities (Expressed in Thousands)		
	Year ended June 30,	
	2014	
	2015	(Not Restated)
Revenues:		
Program revenues:		
Charges for service	\$ 964	996
Operating grants, contributions and restricted interest	3,347	3,165
Capital grants, contributions and restricted interest	268	420
General revenues:		
Property and other county tax	3,554	3,201
Penalty and interest on property tax	36	31
State tax credits	290	218
Local option sales tax	199	175
Unrestricted investment earnings	67	51
Gain on disposition of capital assets	3	192
Other general revenues	78	1
Total revenues	8,806	8,450
Program expenses:		
Public safety and legal services	1,267	1,357
Physical health and social services	1,009	1,050
Mental health	146	220
County environment and education	291	343
Roads and transportation	4,732	4,840
Governmental services to residents	295	297
Administration	685	718
Interest on long-term debt	153	69
Total expenses	8,578	8,894
Change in net position	228	(444)
Net position beginning of year, as restated	18,326	20,498
Net position end of year	\$ 18,554	20,054



The County increased property tax rates for fiscal year 2015 by 3.1%. However, property tax valuations increased approximately 6.8%. These factors combined to raise the County's property tax revenue approximately \$353,000 in fiscal year 2015. Property tax levied for debt service accounted for the increase. Based on increases in the tax rate and taxable valuations, property tax revenue is budgeted to increase approximately \$215,000 next year.

The cost of all governmental activities this year was approximately \$8.6 million compared to approximately \$8.9 million last year. However, as shown in the Statement of Activities on page 19, the amount taxpayers ultimately financed for these activities was approximately \$4 million because some of the cost was paid by those directly benefited from the programs (approximately \$965,000) or by other governments and organizations which subsidized certain programs with grants and contributions (approximately \$3,615,000). Overall, the County's governmental program revenues, including intergovernmental aid and fees for service, decreased in fiscal year 2015 from approximately \$4,581,000 to approximately \$4,579,000. The County paid for the remaining "public benefit" portion of governmental activities with taxes (some of which could only be used for certain programs) and with other revenues, such as interest and general entitlements.

INDIVIDUAL MAJOR FUND ANALYSIS

As Taylor County completed the year, its governmental funds reported a combined fund balance of \$5,419,861, a decrease of \$1,784,090 from last year's total fund balance of \$7,203,951. The decrease in the combined fund balance is primarily attributable to a decrease in the Capital Projects Fund. The balances of the General Fund as well as the Special Revenue, Mental Health and Secondary Roads Funds increased in fiscal year 2015. The following are the major reasons for the changes in fund balances of the major funds from the prior year:

- General Fund property and other county tax revenue increased due to an increase in property valuations. Intergovernmental revenue increased approximately \$176,000 due to the increase of ambulance services for the entire fiscal year and an increase in grants from the State of Iowa. General Fund expenditures increased approximately \$160,000, primarily due to approximately \$100,000 of capital project expenditures in the General Fund for shoreline maintenance and dredging of Sand's Timber recreation area.
- The County has continued to look for ways to effectively manage the cost of mental health services. For fiscal year 2015, Special Revenue, Mental Health Fund expenditures totaled approximately \$146,000, a decrease of 33.6% from the prior year, primarily due to the statewide mental health redesign. The ending fund balance increased from approximately (\$20,000) to approximately \$800. The increase is primarily due to the statewide mental health redesign, which shifted Medicaid funding to the regional level instead of the County level. The redesign led to no expenditures being made at the County level, except to forward property tax received to the region.
- Special Revenue, Secondary Roads Fund expenditures decreased approximately \$422,000, or 10.9%, primarily due to reduced payments for the construction of the Nodaway 5 Bridge. Total revenues increased approximately \$17,000. The ending fund balance in the Secondary Roads Fund increased approximately \$640,000, or 4.1%.
- The Special Revenue, Rural Services Fund ended the fiscal year with a balance of \$365,454 compared to the prior year ending balance of \$383,841. There were no significant changes in revenues or expenditures.
- The Debt Service Fund ended the fiscal year with a fund balance of approximately \$19,000 compared to the prior year ending balance of approximately \$5,700. Debt Service Fund revenues increased approximately \$256,000 due to a higher debt service levy in fiscal year 2015 to pay for debt primarily incurred in fiscal year 2014.
- The Capital Projects Fund ended the fiscal year with a fund balance of approximately \$943,000. The ending fund balance decreased approximately \$2.7 million from June 30, 2014 due to the increase in expenditures for the construction of the Law Enforcement Center.

BUDGETARY HIGHLIGHTS

Over the course of the year, Taylor County amended its budget two times. The first amendment was made on September 8, 2014, primarily for the issuance of the general obligation capital loan note and subsequent purchase of two road motor graders.

The second amendment was made on May 28, 2015. The amendment increased budgeted intergovernmental receipts due to receiving additional health grants. The amendment also increased the public safety and legal services budget due to the County incurring costs of approximately \$67,000 to upgrade the law enforcement communications and furniture for the Law Enforcement Center.

The County's receipts were \$81,390 less than budgeted. Actual intergovernmental receipts were \$165,065 less than budgeted. This was primarily due to conservation funds not being received for the State Watershed Improvement Review Board Project (WIRB Project) and less work being completed on the Nodaway 5 Bridge Project than anticipated.

Total disbursements were \$2,355,695 less than the amended budget. Actual disbursements for the capital projects, roads and transportation and county environment and education functions were \$1,455,264, \$277,794 and \$214,148, respectively, less than budgeted. The variance in capital projects and roads and transportation disbursements was due to less progress on projects than anticipated for fiscal year 2015. The variance in county environment and education disbursements was due to the WIRB Project being completed under budget in fiscal year 2015.

The County did not exceed the budgeted amount for any function during the year ended June 30, 2015.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2015, Taylor County had approximately \$23.1 million invested in a broad range of capital assets, including public safety equipment, buildings, park facilities, roads and bridges. This is a net increase (including additions and deletions) of approximately \$1.3 million, or 5.9%, from last year.

Capital Assets of Governmental Activities at Year End (Expressed in Thousands)		
	June 30,	
	2015	2014
Land	\$ 892.00	892
Construction in progress	2,919	506
Buildings and improvements	454	476
Equipment and vehicles	1,434	1,573
Infrastructure	17,352	18,321
Total	\$ 25,066	21,768

The County had depreciation expense of \$1,745,339 in fiscal year 2015 and total accumulated depreciation of \$12,642,080 at June 30, 2015. More detailed information about the County's capital assets is presented in Note 4 to the financial statements.

Long-Term Debt

At June 30, 2015, Taylor County had approximately \$8,099,000 of outstanding debt versus approximately \$8,699,000 last year, a decrease of \$600,000 from June 30, 2014.

Outstanding Debt of Governmental Activities at Year-End (Expressed in Thousands)		
	June 30,	
	2015	2014
Installment purchase agreement	\$ 24	49
General obligation capital loan notes	230	-
General obligation bonds	7,845	8,650
Total	\$ 8,099	8,699

Debt decreased as a result of scheduled debt payments during fiscal year 2015. In addition, the County entered into a general obligation capital loan note of \$285,000 to purchase equipment during fiscal year 2015.

The Constitution of the State of Iowa limits the amount of general obligation debt counties can issue to 5% of the assessed value of all taxable property within the County's corporate limits. Taylor County's outstanding general obligation debt is significantly below its constitutional debt limit of approximately \$32.3 million. Additional information about the County's long-term debt is presented in Note 6 to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

Many factors were taken into account when adopting the budget for fiscal year 2016. The County had a countywide valuation increase of \$11,249,575 and the rural valuation increased \$10,451,297 for fiscal year 2016. The rollback totaled 55.7335% for residential property for fiscal year 2015, compared to the fiscal year 2014 rollback of 54.4002%.

Amounts levied for property tax are \$3,839,515, an increase of \$40,028 over fiscal year 2015. Total receipts and other financing sources for fiscal year 2016 increased \$305,399 from the amended budget for fiscal year 2015. This increase is mainly due to an increase in expected intergovernmental revenues.

Budgeted disbursements decreased \$2,439,500 from the amended fiscal year 2015 budget. The decrease is primarily due to a decrease in capital projects from fiscal year 2015.

The County has added no major new programs or initiatives to the fiscal year 2016 budget.

If these estimates are realized, the County's budgetary operating balance is expected to increase by the close of fiscal year 2016.

CONTACTING THE COUNTY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers and creditors with a general overview of Taylor County's finances and to show the County's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Taylor County Auditor's Office, 405 Jefferson Street, Bedford, Iowa 50833.

Taylor County

Basic Financial Statements

Taylor County
Statement of Net Position
June 30, 2015

	Governmental Activities
Assets	
Cash and pooled investments	\$ 4,820,646
Receivables:	
Property tax:	
Delinquent	5,764
Succeeding year	3,533,000
Interest and penalty on property tax	14,067
Accounts	65,969
Accrued interest	913
Due from other governments	388,950
Inventories	310,505
Prepaid items	202,144
Capital assets, net of accumulated depreciation	23,051,381
Total assets	32,393,339
Deferred Outflows of Resources	
Pension related deferred outflows	334,390
Liabilities	
Accounts payable	292,701
Accrued interest payable	9,547
Salaries and benefits payable	55,046
Due to other governments	18,096
Long-term liabilities:	
Portion due or payable within one year:	
Installment purchase agreement	24,422
General obligation capital loan notes	55,436
General obligation bonds	820,000
Compensated absences	101,181
Portion due or payable after one year:	
General obligation capital loan notes	174,858
General obligation bonds	7,025,000
Compensated absences	123,563
Net pension liability	1,189,881
Net OPEB liability	33,200
Total liabilities	9,922,931
Deferred Inflows of Resources	
Unavailable property tax revenue	3,533,000
Pension related deferred inflows	717,622
Total deferred inflows of resources	4,250,622
Net Position	
Net investment in capital assets	15,919,414
Restricted for:	
Supplemental levy purposes	472,705
Mental health purposes	1,044
Rural services purposes	365,524
Secondary roads purposes	1,311,512
Debt service	10,877
Conservation purposes	114,773
Ambulance services	274,217
Other purposes	387,118
Unrestricted	(303,008)
Total net position	\$ 18,554,176

See notes to financial statements.

Taylor County
Statement of Activities
Year ended June 30, 2015

		Program Revenues			Net (Expense) Revenue and Changes in Net Position
		Charges for Service	Operating Grants, Contributions and Restricted Interest	Capital Grants, Contributions and Restricted Interest	
Expenses					
Functions/Programs:					
Governmental activities:					
Public safety and legal services	\$1,266,729	523,126	1,695	-	(741,908)
Physical health and social services	1,008,658	190,091	551,286	-	(267,281)
Mental health	146,341	372	25,591	-	(120,378)
County environment and education	291,310	9,620	97,555	-	(184,135)
Roads and transportation	4,732,307	96,454	2,670,734	268,168	(1,696,951)
Governmental services to residents	294,862	108,201	-	-	(186,661)
Administration	684,956	36,640	-	-	(648,316)
Interest on long-term debt	153,128	-	-	-	(153,128)
Total	\$8,578,291	964,504	3,346,861	268,168	(3,998,758)
General Revenues:					
Property and other county tax levied for:					
General purposes					2,665,475
Debt service					888,346
Penalty and interest on property tax					35,746
State tax credits					290,297
Local option sales tax					199,132
Unrestricted investment earnings					67,344
Gain on disposition of capital assets					3,167
Miscellaneous					77,723
Total general revenues					4,227,230
Change in net position					228,472
Net position beginning of year, as restated					18,325,704
Net position end of year					\$ 18,554,176

See notes to financial statements.

Taylor County
Balance Sheet
Governmental Funds

June 30, 2015

	General	Special Revenue		
		Mental Health	Secondary Roads	Rural Services
Assets				
Cash and pooled investments	\$ 1,984,611	7	1,157,612	352,188
Receivables:				
Property tax:				
Delinquent	3,695	258	-	71
Succeeding year	1,849,000	129,000	-	681,000
Interest and penalty on property tax	14,067	-	-	-
Accounts	26,377	-	5,415	1,334
Accrued interest	913	-	-	-
Due from other governments	107,564	779	246,801	13,540
Inventories	-	-	310,505	-
Prepaid items	199,544	-	2,600	-
Total assets	\$ 4,185,771	130,044	1,722,933	1,048,133
Liabilities, Deferred Inflows of Resources and Fund Balances				
Liabilities:				
Accounts payable	\$ 71,614	-	178,096	268
Salaries and benefits payable	18,199	-	35,506	1,341
Due to other governments	9,347	-	6,428	-
Compensated absences	-	-	-	-
Total liabilities	99,160	-	220,030	1,609
Deferred inflows of resources:				
Unavailable revenues:				
Succeeding year property tax	1,849,000	129,000	-	681,000
Other	21,094	248	171	70
Total deferred inflows of resources	1,870,094	129,248	171	681,070
Fund balances:				
Nonspendable:				
Inventories	-	-	310,505	-
Prepaid items	199,544	-	2,600	-
Restricted for:				
Supplemental levy purposes	481,975	-	-	-
Rural services purposes	-	-	-	365,454
Secondary roads purposes	-	-	1,189,627	-
REAP	114,773	-	-	-
Debt service	-	-	-	-
Capital projects	-	-	-	-
Other purposes	286,500	796	-	-
Unassigned	1,133,725	-	-	-
Total fund balances	2,216,517	796	1,502,732	365,454
Total liabilities, deferred inflows of resources and fund balances	\$ 4,185,771	130,044	1,722,933	1,048,133

See notes to financial statements.

Debt Service	Capital Projects	Nonmajor	Total
18,684	952,982	354,562	4,820,646
1,740	-	-	5,764
874,000	-	-	3,533,000
-	-	-	14,067
-	32,843	-	65,969
-	-	-	913
-	-	20,266	388,950
-	-	-	310,505
-	-	-	202,144
894,424	985,825	374,828	9,341,958
-	42,498	225	292,701
-	-	-	55,046
-	-	2,321	18,096
-	-	-	-
-	42,498	2,546	365,843
874,000	-	-	3,533,000
1,671	-	-	23,254
875,671	-	-	3,556,254
-	-	-	310,505
-	-	-	202,144
-	-	-	481,975
-	-	-	365,454
-	-	-	1,189,627
-	-	-	114,773
18,753	-	-	18,753
-	943,327	-	943,327
-	-	372,282	659,578
-	-	-	1,133,725
18,753	943,327	372,282	5,419,861
894,424	985,825	374,828	9,341,958

Taylor County

Taylor County
Reconciliation of the Balance Sheet –
Governmental Funds to the Statement of Net Position

June 30, 2015

Total governmental fund balances (page 21) \$ 5,419,861

Amounts reported for governmental activities in the Statement of Net Position are different because:

Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the governmental funds. The cost of assets is \$35,693,461 and the accumulated depreciation is \$12,642,080.

23,051,381

Other long-term assets are not available to pay current year expenditures and, therefore, are recognized as deferred inflows of resources in the governmental funds.

23,254

Pension related deferred outflows of resources and deferred inflows of resources are not due and payable in the current year and, therefore, are not reported in the governmental funds, as follows:

Deferred outflows of resources	\$ 334,390	
Deferred inflows of resources	<u>(717,622)</u>	(383,232)

Long-term liabilities, including the installment purchase agreement payable, general obligation capital loan notes payable, general obligation bonds payable, compensated absences payable, other postemployment benefits payable, net pension liability and accrued interest payable, are not due and payable in the current year and, therefore, are not reported in the governmental funds.

(9,557,088)

Net position of governmental activities (page 18) \$ 18,554,176

See notes to financial statements.

Taylor County
Statement of Revenues, Expenditures and
Changes in Fund Balances
Governmental Funds

Year ended June 30, 2015

	Special Revenue			
	General	Mental Health	Secondary Roads	Rural Services
Revenues:				
Property and other county tax	\$ 1,830,783	130,804	-	703,359
Local option sales tax	-	-	-	69,696
Interest and penalty on property tax	32,793	-	-	-
Intergovernmental	1,375,795	36,177	2,933,607	55,256
Licenses and permits	-	-	780	12,893
Charges for service	223,645	-	-	1,800
Use of money and property	46,380	-	-	-
Miscellaneous	68,431	372	102,998	1,473
Total revenues	3,577,827	167,353	3,037,385	844,477
Expenditures:				
Operating:				
Public safety and legal services	1,232,430	-	-	17,315
Physical health and social services	948,953	-	-	70,458
Mental health	-	146,341	-	-
County environment and education	96,912	-	-	32,466
Roads and transportation	-	-	3,101,308	29,911
Governmental services to residents	329,806	-	-	1,098
Administration	644,830	-	-	-
Debt service	-	-	60,864	-
Capital projects	99,567	-	285,262	-
Total expenditures	3,352,498	146,341	3,447,434	151,248
Excess (deficiency) of revenues over (under) expenditures	225,329	21,012	(410,049)	693,229
Other financing sources (uses):				
Sale of capital assets	-	-	-	-
Transfers in	-	-	764,590	-
Transfers out	(52,974)	-	-	(711,616)
General obligation capital loan notes issued	-	-	285,000	-
Total other financing sources (uses)	(52,974)	-	1,049,590	(711,616)
Change in fund balances	172,355	21,012	639,541	(18,387)
Fund balances beginning of year	2,044,162	(20,216)	863,191	383,841
Fund balances end of year	\$ 2,216,517	796	1,502,732	365,454

See notes to financial statements.

Debt Service	Capital Projects	Nonmajor	Total
888,165	-	-	3,553,111
-	-	129,436	199,132
-	-	-	32,793
75,992	-	-	4,476,827
-	-	-	13,673
-	-	1,284	226,729
-	23,489	13,739	83,608
-	32,843	15,982	222,099
964,157	56,332	160,441	8,807,972
-	-	1,462	1,251,207
-	-	-	1,019,411
-	-	-	146,341
-	-	53,896	183,274
-	-	-	3,131,219
-	-	2,884	333,788
-	-	36,691	681,521
951,109	-	-	1,011,973
-	2,736,249	-	3,121,078
951,109	2,736,249	94,933	10,879,812
13,048	(2,679,917)	65,508	(2,071,840)
-	-	2,750	2,750
-	-	-	764,590
-	-	-	(764,590)
-	-	-	285,000
-	-	2,750	287,750
13,048	(2,679,917)	68,258	(1,784,090)
5,705	3,623,244	304,024	7,203,951
18,753	943,327	372,282	5,419,861

Taylor County

Reconciliation of the Statement of Revenues, Expenditures and
Changes in Fund Balances –
Governmental Funds to the Statement
of Activities

Year ended June 30, 2015

Change in fund balances - Total governmental funds (page 25)

***Amounts reported for governmental activities in the Statement of
Activities are different because:***

\$(1,784,090)

Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense to allocate those expenditures over the life of the assets. Capital outlay expenditures exceeded depreciation expense in the current year, as follows:

Expenditures for capital assets	\$ 3,025,465	
Depreciation expense	<u>(1,745,339)</u>	1,280,126

In the Statement of Activities, the gain on the disposition of capital assets is reported, whereas the governmental funds report the proceeds from the disposition as an increase in financial resources.

3,167

Because some revenues will not be collected for several months after the County's year end, they are not considered available revenues and are recognized as deferred inflows of resources in the governmental funds, as follows:

Property tax	710	
Other	<u>(5,637)</u>	(4,927)

Proceeds from issuing long-term liabilities provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Position. Repayment of long-term liabilities is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position. Current year repayments exceeded issuances, as follows:

Issued	(285,000)	
Repaid	<u>884,129</u>	599,129

The current year County share of IPERS contributions are reported as expenditures in the governmental funds but are reported as deferred outflows of resources in the Statement of Net Position.

242,467

Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds, as follows:

Compensated absences	(18,979)	
Other postemployment benefits	(60)	
Pension expense	(87,500)	
Interest on long-term debt	<u>(861)</u>	(107,400)

Change in net position of governmental activities (page 19)

\$ 228,472

See notes to financial statements.

Taylor County
Statement of Fiduciary Assets and Liabilities
Agency Funds

June 30, 2015

Assets

Cash and pooled investments:

County Treasurer	\$ 591,378
Other County officials	5,578

Receivables:

Property tax:

Delinquent	16,661
Succeeding year	5,845,000

Accounts	115
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Prepaid items	6,932
---------------	-------

Total assets	<u>6,465,664</u>
---------------------	------------------

Liabilities

Accounts payable	4,551
------------------	-------

Salaries and benefits payable	754
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Due to other funds	1,392
--------------------	-------

Due to other governments	6,450,155
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Trusts payable	2,818
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Compensated absences	5,994
----------------------	-------

Total liabilities	<u>6,465,664</u>
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Net position	<u><u>\$ -</u></u>
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See notes to financial statements.

Taylor County

Notes to Financial Statements

June 30, 2015

(1) Summary of Significant Accounting Policies

Taylor County is a political subdivision of the State of Iowa and operates under the Home Rule provisions of the Constitution of Iowa. The County operates under the Board of Supervisors form of government. Elections are on a partisan basis. Other elected officials operate independently with the Board of Supervisors. These officials are the Auditor, Treasurer, Recorder, Sheriff and Attorney. The County provides numerous services to citizens, including law enforcement, health and social services, parks and cultural activities, planning and zoning, roadway construction and maintenance and general administrative services.

The County's financial statements are prepared in conformity with U.S. generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board.

A. Reporting Entity

For financial reporting purposes, Taylor County has included all funds, organizations, agencies, boards, commissions and authorities. The County has also considered all potential component units for which it is financially accountable and other organizations for which the nature and significance of their relationship with the County are such that exclusion would cause the County's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body and (1) the ability of the County to impose its will on that organization or (2) the potential for the organization to provide specific benefits to or impose specific financial burdens on the County. Taylor County has no component units which meet the Governmental Accounting Standards Board criteria.

Jointly Governed Organizations – The County participates in several jointly governed organizations that provide goods or services to the citizenry of the County but do not meet the criteria of a joint venture since there is no ongoing financial interest or responsibility by the participating governments. The County Board of Supervisors are members of or appoint representatives to the following boards and commissions: Taylor County Assessor's Conference Board and Taylor County Emergency Management Commission. Financial transactions of these organizations are included in the County's financial statements only to the extent of the County's fiduciary relationship with the organization and, as such, are reported in the Agency Funds of the County.

The County also participates in the following jointly governed organizations: Prairie Solid Waste Agency (formerly Adams and Taylor Counties Regional Service Agency), South Iowa Area Crime Commission, Innovative Industries Sheltered Workshop, Matura, Southern Iowa Council of Governments, Southern Iowa Rural Water Association and Southern Iowa Regional Housing Authority.

B. Basis of Presentation

Government-wide Financial Statements – The Statement of Net Position and the Statement of Activities report information on all of the nonfiduciary activities of the County. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities are supported by property tax, intergovernmental revenues and other nonexchange transactions.

The Statement of Net Position presents the County's nonfiduciary assets, deferred outflows of resources, liabilities and deferred inflows of resources, with the difference reported as net position. Net position is reported in the following categories.

Net investment in capital assets consists of capital assets, net of accumulated depreciation and reduced by outstanding balances for bonds, notes and other debt attributable to the acquisition, construction or improvement of those assets.

Restricted net position results when constraints placed on net position use are either externally imposed or are imposed by law through constitutional provisions or enabling legislation. Enabling legislation did not result in any restricted net position.

Unrestricted net position consists of net position not meeting the definition of the preceding categories. Unrestricted net position often has constraints on resources imposed by management which can be removed or modified.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those clearly identifiable with a specific function. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function and 2) grants, contributions and interest restricted to meeting the operational or capital requirements of a particular function. Property tax and other items not properly included among program revenues are reported instead as general revenues.

Fund Financial Statements – Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements. All remaining governmental funds are aggregated and reported as nonmajor governmental funds.

The County reports the following major governmental funds:

The General Fund is the general operating fund of the County. All general tax revenues and other revenues not allocated by law or contractual agreement to some other fund are accounted for in this fund. From the fund are paid the general operating expenditures, the fixed charges and the capital improvement costs not paid from other funds.

Special Revenue:

The Mental Health Fund is used to account for property tax and other revenues to be used to fund mental health, intellectual disabilities and developmental disabilities services.

The Secondary Roads Fund is used to account for the road use tax allocation from the State of Iowa, required transfers from the General Fund and the Special Revenue, Rural Services Fund and other revenues to be used for secondary road construction and maintenance.

The Rural Services Fund is used to account for property tax and other revenues to provide services which are primarily intended to benefit those persons residing in the county outside of incorporated city areas.

The Debt Service Fund is utilized to account for property tax and other revenues to be used for the payment of interest and principal on the County's general long-term debt.

The Capital Projects Fund is used to account for all resources used in the acquisition and construction of capital facilities and other capital assets.

Additionally, the County reports the following funds:

Fiduciary Funds – Agency Funds are used to account for assets held by the County as an agent for individuals, private organizations, certain jointly governed organizations, other governmental units and/or other funds.

C. Measurement Focus and Basis of Accounting

The government-wide and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property tax is recognized as revenue in the year for which it is levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been satisfied.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current year or soon enough thereafter to pay liabilities of the current year. For this purpose, the County considers revenues to be available if they are collected within 60 days after year end.

Property tax, intergovernmental revenues (shared revenues, grants and reimbursements from other governments) and interest are considered to be susceptible to accrual. All other revenue items are considered to be measurable and available only when cash is received by the County.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, principal and interest on long-term debt, claims and judgments and compensated absences are recorded as expenditures only when payment is due. Capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

Under the terms of grant agreements, the County funds certain programs by a combination of specific cost-reimbursement grants, categorical block grants and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net position available to finance the program. It is the County's policy to first apply cost-reimbursement grant resources to such programs, followed by categorical block grants and then by general revenues.

When an expenditure is incurred in governmental funds which can be paid using either restricted or unrestricted resources, the County's policy is to pay the expenditure from restricted fund balance and then from less-restrictive classifications – committed, assigned and then unassigned fund balances.

The County maintains its financial records on the cash basis. The financial statements of the County are prepared by making memorandum adjusting entries to the cash basis financial records.

D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Fund Equity

The following accounting policies are followed in preparing the financial statements:

Cash and Pooled Investments – The cash balances of most County funds are pooled and invested. Interest earned on investments is recorded in the General Fund unless otherwise provided by law. Investments are stated at fair value except for non-negotiable certificates of deposit which are stated at cost.

Property Tax Receivable – Property tax in governmental funds is accounted for using the modified accrual basis of accounting.

Property tax receivable is recognized in these funds on the levy or lien date, which is the date the tax asking is certified by the County Board of Supervisors. Delinquent property tax receivable represents unpaid taxes for the current and prior years. The succeeding year property tax receivable represents taxes certified by the Board of Supervisors to be collected in the next fiscal year for the purposes set out in the budget for the next fiscal year. By statute, the Board of Supervisors is required to certify its budget in March of each year for the subsequent fiscal year. However, by statute, the tax asking and budget certification for the following fiscal year becomes effective on the first day of that year. Although the succeeding year property tax receivable has been recorded, the related revenue is deferred in both the government-wide and fund financial statements and will not be recognized as revenue until the year for which it is levied.

Property tax revenue recognized in these funds become due and collectible in September and March of the fiscal year with a 1½% per month penalty for delinquent payments; is based on January 1, 2013 assessed property valuations; is for the tax accrual period July 1, 2014 through June 30, 2015 and reflects the tax asking contained in the budget certified by the County Board of Supervisors in March 2014.

Interest and Penalty on Property Tax Receivable – Interest and penalty on property tax receivable represents the amount of interest and penalty that was due and payable but has not been collected.

Due from Other Governments – Due from other governments represents amounts due from the State of Iowa, various shared revenues, grants and reimbursements from other governments.

Inventories – Inventories are valued at cost using the first-in, first-out method. Inventories consist of expendable supplies held for consumption. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased.

Capital Assets – Capital assets, which include property, equipment and vehicles, and infrastructure assets acquired after July 1, 2003 (e.g., roads, bridges, curbs, gutters, sidewalks and similar items which are immovable and of value only to the County), are reported in the governmental activities column in the government-wide Statement of Net Position. Capital assets are recorded at historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repair that do not add to the value of the asset or materially extend asset lives are not capitalized. Reportable capital assets are defined by the County as assets with initial, individual costs in excess of the following thresholds and estimated useful lives in excess of two years.

Asset Class	Amount
Infrastructure	\$ 50,000
Intangibles	50,000
Land, buildings and improvements	25,000
Equipment and vehicles	5,000

Capital assets of the County are depreciated using the straight line method over the following estimated useful lives:

Asset Class	Estimated Useful lives (In Years)
Buildings	40 - 50
Building improvements	20 - 50
Infrastructure	30 - 50
Intangibles	2 - 20
Equipment	2 - 20
Vehicles	3 - 10

Deferred Outflows of Resources – Deferred outflows of resources represent a consumption of net position that applies to a future period(s) and will not be recognized as an outflow of resources (expense/expenditure) until then. Deferred outflows of resources consist of unrecognized items not yet charged to pension expense and contributions from the County after the measurement date but before the end of the County's reporting period.

Due to Other Governments – Due to other governments represents taxes and other revenues collected by the County and payments for services which will be remitted to other governments.

Trusts Payable – Trusts payable represents amounts due to others which are held by various County officials in fiduciary capacities until the underlying legal matters are resolved.

Compensated Absences – County employees accumulate a limited amount of earned but unused vacation, compensatory time and sick leave hours for subsequent use or for payment upon termination, death or retirement. A liability is recorded when incurred in the government-wide and fiduciary fund financial statements. A liability for these amounts is reported in governmental fund financial statements only for employees who have resigned or retired. The compensated absences liability has

been computed based on rates of pay in effect at June 30, 2015. The compensated absences liability attributable to the governmental activities will be paid primarily by the General Fund and the Special Revenue, Mental Health, Rural Services and Secondary Roads Funds.

Long-Term Liabilities – In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities Statement of Net Position.

In the governmental fund financial statements, the face amount of debt issued is reported as other financing sources. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Pensions - For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions and pension expense, information about the fiduciary net position of the Iowa Public Employees' Retirement System (IPERS) and additions to/deductions from IPERS' fiduciary net position have been determined on the same basis as they are reported by IPERS. For this purpose, benefit payments, including refunds of employee contributions, are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Deferred Inflows of Resources – Deferred inflows of resources represents an acquisition of net position that applies to a future period(s) and will not be recognized as an inflow of resources (revenue) until that time. Available means collected within the current year or expected to be collected soon enough thereafter to be used to pay liabilities of the current year. Deferred inflows of resources in the governmental fund financial statements represents the amount of assets that have been recognized but the related revenue has not been recognized since the assets are not collected within the current year or expected to be collected soon enough thereafter to be used to pay liabilities of the current year. Deferred inflows of resources consists of property tax receivable and other receivables not collected within sixty days after year end.

Deferred inflows of resources in the Statement of Net Position consist of succeeding year property tax receivable that will not be recognized until the year for which it is levied and the unamortized portion of the net difference between projected and actual earnings on pension plan investments.

Fund Equity – In the governmental fund financial statements, fund balances are classified as follows:

Nonspendable – Amounts which cannot be spent because they are in a nonspendable form or because they are legally or contractually required to be maintained intact.

Restricted – Amounts restricted to specific purposes when constraints placed on the use of the resources are either externally imposed by creditors, grantors or state or federal laws or are imposed by law through constitutional provisions or enabling legislation.

Unassigned – All amounts not included in the preceding classifications.

E. Budgets and Budgetary Accounting

The budgetary comparison and related disclosures are reported as Required Supplementary Information.

(2) Cash and Pooled Investments

The County's deposits in banks at June 30, 2015 were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to ensure there will be no loss of public funds.

The County is authorized by statute to invest public funds in obligations of the United States government, its agencies and instrumentalities; certificates of deposit or other evidences of deposit at federally insured depository institutions approved by the Board of Supervisors; prime eligible bankers acceptances; certain high rated commercial paper; perfected repurchase agreements; certain registered open-end management investment companies; certain joint investment trusts; and warrants or improvement certificates of a drainage district.

The County had no investments meeting the disclosure requirements of Governmental Accounting Standards Board Statement No. 3, as amended by Statement No. 40.

(3) Interfund Transfers

The detail of interfund transfers for the year ended June 30, 2015 is as follows:

Transfer to	Transfer from	Amount
Special Revenue:		
Secondary Roads	General	\$ 52,974
	Special Revenue:	
	Rural Services	711,616
Total		<u>\$ 764,590</u>

Transfers generally move resources from the fund statutorily required to collect the resources to the fund statutorily required to expend the resources.

(4) Capital Assets

Capital assets activity for the year ended June 30, 2015 was as follows:

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 891,709	-	-	891,709
Construction in progress	505,797	2,810,205	(396,847)	2,919,155
Total capital assets not being depreciated	1,397,506	2,810,205	(396,847)	3,810,864
Capital assets being depreciated:				
Buildings	1,231,008	-	-	1,231,008
Improvements other than buildings	238,151	-	-	238,151
Equipment and vehicles	4,784,954	247,760	(148,597)	4,884,117
Infrastructure, road network	25,132,474	396,847	-	25,529,321
Total capital assets being depreciated	31,386,587	644,607	(148,597)	31,882,597
Less accumulated depreciation for:				
Buildings	954,999	17,318	-	972,317
Improvements other than buildings	38,104	4,763	-	42,867
Equipment and vehicles	3,212,271	357,354	(119,264)	3,450,361
Infrastructure, road network	6,810,631	1,365,904	-	8,176,535
Total accumulated depreciation	11,016,005	1,745,339	(119,264)	12,642,080
Total capital assets being depreciated, net	20,370,582	(1,100,732)	(29,333)	19,240,517
Governmental activities capital assets, net	\$ 21,768,088	1,709,473	(426,180)	23,051,381

Depreciation expense was charged to the following functions:

Governmental activities:	
Public safety and legal services	\$ 204,422
Physical health and social services	21,268
County environment and education	11,328
Roads and transportation	1,487,439
Administration	20,882
Total depreciation expense - governmental activities	<u>\$ 1,745,339</u>

(5) Due to Other Governments

The County purchases services from other governmental units and also acts as a fee and tax collection agent for various governmental units. Tax collections are remitted to those governments in the month following collection. A summary of amounts due to other governments at June 30, 2015 is as follows:

Fund	Description	Amount
General	Services	\$ 9,347
Special Revenue:		
Secondary Roads	Services	6,428
Care Facility Building	Services	2,321
		8,749
Total for governmental funds		\$ 18,096
Agency:		
County Assessor	Collections	\$ 376,328
Schools		4,244,085
Community Colleges		243,462
Corporations		1,094,439
Townships		130,294
All other		361,547
Total for agency funds		\$ 6,450,155

(6) Long-Term Liabilities

A summary of changes in long-term liabilities for the year ended June 30, 2015 is as follows:

	Install- ment Purchase Agreement	General Obligation Capital Loan Notes	General Obligation Bonds	Compen- sated Absences	Net Pension Liability	Net OPEB Liability	Total
Balance beginning of year, as restated	\$ 48,845	-	8,650,000	205,765	1,964,994	33,140	10,902,744
Increases	-	285,000	-	212,058	-	24,640	521,698
Decreases	24,423	54,706	805,000	193,079	775,113	24,580	1,876,901
Balance end of year	\$ 24,422	230,294	7,845,000	224,744	1,189,881	33,200	9,547,541
Due within one year	\$ 24,422	55,436	820,000	101,181	-	-	1,001,039

Installment Purchase Agreement

The County has entered into an interest free installment purchase agreement for voting equipment.

A summary of the installment purchase agreement indebtedness is as follows:

Year ending June 30,	Amount
2016	\$ 24,422

During the year ended June 30, 2015, the County retired \$24,423 of installment purchase agreement principal.

General Obligation Capital Loan Notes

A summary of the County's June 30, 2015 general obligation capital loan note indebtedness is as follows:

Year Ending June 30,	Series 2012 County Road Maintenance Equipment				
	Interest		Principal	Interest	Total
	Rates				
2016	2.50%	\$	55,436	5,428	60,864
2017	2.50		56,844	4,019	60,863
2018	2.50		58,274	2,589	60,863
2019	2.50		59,740	1,124	60,864
Total		\$	230,294	13,160	243,454

During the year ended June 30, 2015, the County issued \$285,000 of general obligation capital loan notes and retired \$54,706 of general obligation capital loan note principal.

General Obligation Bonds

A summary of the County's June 30, 2015 general obligation bond indebtedness is as follows:

Year Ending June 30,	Series 2012 County Road Reconstruction and Improvement Issued March 9, 2012				
	Interest		Principal	Interest	Total
	Rates				
2016	0.75%	\$	590,000	56,160	646,160
2017	0.90		595,000	51,735	646,735
2018	1.10		600,000	46,380	646,380
2019	1.30		605,000	39,780	644,780
2020	1.50		615,000	31,915	646,915
2021-2022	1.70 - 1.90		1,260,000	34,754	1,294,754
Total		\$	4,265,000	260,724	4,525,724

Year Ending June 30,	Series 2014 County Law Enforcement Facility Issued March 28, 2014					Total		
	Interest		Principal	Interest	Total	Principal	Interest	Total
	Rates							
2016	0.45%	\$	230,000	72,905	302,905	820,000	129,065	949,065
2017	0.65		235,000	71,870	306,870	830,000	123,605	953,605
2018	0.95		235,000	70,343	305,343	835,000	116,723	951,723
2019	1.25		235,000	68,110	303,110	840,000	107,890	947,890
2020	1.50		240,000	65,173	305,173	855,000	97,088	952,088
2021-2025	1.85-2.55		1,275,000	255,700	1,530,700	2,535,000	290,454	2,825,454
2026-2029	2.25-2.75		1,130,000	85,479	1,215,479	1,130,000	85,479	1,215,479
Total		\$	3,580,000	689,580	4,269,580	7,845,000	950,304	8,795,304

During the year ended June 30, 2015, the County retired \$805,000 of general obligation bond principal.

(7) Pension Plan

Plan Description - IPERS membership is mandatory for employees of the County, except for those covered by another retirement system. Employees of the County are provided with pensions through a cost-sharing multiple employer defined benefit pension plan administered by the Iowa Public Employees' Retirement System (IPERS). IPERS issues a stand-alone financial report which is available to the public by mail at 7401 Register Drive, P.O. Box 9117, Des Moines, Iowa 50306-9117 or at www.ipers.org.

IPERS benefits are established under Iowa Code Chapter 97B and the administrative rules thereunder. Chapter 97B and the administrative rules are the official plan documents. The following brief description is provided for general informational purposes only. Refer to the plan documents for more information.

Pension Benefits – A Regular member may retire at normal retirement age and receive monthly benefits without an early-retirement reduction. Normal retirement age is age 65, any time after reaching age 62 with 20 or more years of covered employment or when the member's years of service plus the member's age at the last birthday equals or exceeds 88, whichever comes first. (These qualifications must be met on the member's first month of entitlement to benefits.) Members cannot begin receiving retirement benefits before age 55. The formula used to calculate a Regular member's monthly IPERS benefit includes:

- A multiplier (based on years of service).
- The member's highest five-year average salary. (For members with service before June 30, 2012, the highest three-year average salary as of that date will be used if it is greater than the highest five-year average salary.)

Sheriffs, deputies and protection occupation members may retire at normal retirement age, which is generally at age 55. Sheriffs, deputies and protection occupation members may retire any time after reaching age 50 with 22 or more years of covered employment.

The formula used to calculate a sheriff's, deputy's and protection occupation member's monthly IPERS benefit includes:

- 60% of average salary after completion of 22 years of service, plus an additional 1.5% of average salary for years of service greater than 22 but not more than 30 years of service.
- The member's highest three-year average salary.

If a member retires before normal retirement age, the member's monthly retirement benefit will be permanently reduced by an early-retirement reduction. The early-retirement reduction is calculated differently for service earned before and after July 1, 2012. For service earned before July 1, 2012, the reduction is 0.25% for each month the member receives benefits before the member's earliest normal retirement age. For service earned on or after July 1, 2012, the reduction is 0.50% for each month the member receives benefits before age 65.

Generally, once a member selects a benefit option, a monthly benefit is calculated and remains the same for the rest of the member's lifetime. However, to combat the effects of inflation, retirees who began receiving benefits prior to July 1990 receive a guaranteed dividend with their regular November benefit payments.

Disability and Death Benefits - A vested member who is awarded federal Social Security disability or Railroad Retirement disability benefits is eligible to claim IPERS benefits regardless of age. Disability benefits are not reduced for early retirement. If a member dies before retirement, the member's beneficiary will receive a lifetime annuity or a lump-sum payment equal to the present actuarial value of the member's accrued benefit or calculated with a set formula, whichever is greater. When a member dies after retirement, death benefits depend on the benefit option the member selected at retirement.

Contributions - Effective July 1, 2012, as a result of a 2010 law change, the contribution rates are established by IPERS following the annual actuarial valuation which applies IPERS' Contribution Rate Funding Policy and Actuarial Amortization Method. State statute limits the amount rates can increase or decrease each year to 1 percentage point. IPERS Contribution Rate Funding Policy requires the actuarial contribution rate be determined using the "entry age normal" actuarial cost method and the actuarial assumptions and methods approved by the IPERS Investment Board. The actuarial contribution rate covers normal cost plus the unfunded actuarial liability payment based on a 30-year amortization period. The payment to amortize the unfunded actuarial liability is determined as a level percentage of payroll based on the Actuarial Amortization Method adopted by the Investment Board.

In fiscal year 2015, pursuant to the required rate, Regular members contributed 5.95% of covered payroll and the County contributed 8.93% for a total rate of 14.88%. The sheriffs, deputies and the County contributed 9.88% of covered payroll for a total rate of 19.76%. Protection occupation members contributed 6.76% of covered payroll and the County contributed 10.14% for a total rate of 16.90%.

The County's contributions to IPERS for the year ended June 30, 2015 were \$242,467.

Net Pension Liability, Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - At June 30, 2015, the County reported a liability of \$1,189,881 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2014 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The County's proportion of the net pension liability was based on the County's share of contributions to IPERS relative to the contributions of all IPERS participating employers. At June 30, 2014, the County's collective proportion was 0.030002%, which was a decrease of 0.004221% from its collective proportion measured as of June 30, 2013.

For the year ended June 30, 2015, the County recognized pension expense of \$87,500. At June 30, 2015, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 13,669	15,834
Changes of assumptions	55,506	13,022
Net difference between projected and actual earnings on pension plan investments	-	630,281
Changes in proportion and differences between County contributions and the County's proportionate share of contributions	22,748	58,485
County contributions subsequent to the measurement date	242,467	-
Total	<u>\$ 334,390</u>	<u>717,622</u>

\$242,467 reported as deferred outflows of resources related to pensions resulting from the County contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30,	Amount
2016	\$ (156,500)
2017	(156,500)
2018	(156,500)
2019	(156,500)
2020	301
Total	<u>\$ (625,699)</u>

There were no non-employer contributing entities to IPERS.

Actuarial Assumptions - The total pension liability in the June 30, 2014 actuarial valuation was determined using the following actuarial assumptions applied to all periods included in the measurement:

Rate of inflation (effective June 30, 2014)	3.00% per annum
Rates of salary increase (effective June 30, 2010)	4.00 to 17.00% average, including inflation. Rates vary by membership group.
Long-term investment rate of return (effective June 30, 1996)	7.50% compounded annually, net of investment expense, including inflation

The actuarial assumptions used in the June 30, 2014 valuation were based on the results of actuarial experience studies with dates corresponding to those listed above.

Mortality rates were based on the RP-2000 Mortality Table for Males or Females, as appropriate, with adjustments for mortality improvements based on Scale AA.

The long-term expected rate of return on IPERS' investments was determined using a building-block method in which best-estimate ranges of expected future real rates (expected returns, net of investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Asset Allocation	Long-Term Expected Real Rate of Return
US Equity	23%	6.31%
Non US Equity	15	6.76
Private Equity	13	11.34
Real Estate	8	3.52
Core Plus Fixed Income	28	2.06
Credit Opportunities	5	3.67
TIPS	5	1.92
Other Real Assets	2	6.27
Cash	1	(0.69)
Total	100%	

Discount Rate - The discount rate used to measure the total pension liability was 7.50%. The projection of cash flows used to determine the discount rate assumed employee contributions will be made at the contractually required rate and contributions from the County will be made at contractually required rates, actuarially determined. Based on those assumptions, IPERS' fiduciary net position was projected to be available to make all projected future benefit payments to current active and inactive employees. Therefore, the long-term expected rate of return on IPERS' investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the County's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate - The following presents the County's proportionate share of the net pension liability calculated using the discount rate of 7.50%, as well as what the County's proportionate share of the net pension liability would be if it were calculated using a discount rate 1% lower (6.50%) or 1% higher (8.50%) than the current rate.

	1% Decrease (6.50%)	Discount Rate (7.50%)	1% Increase (8.50%)
County's proportionate share of the net pension liability:	\$ 2,630,589	\$1,189,881	\$ (25,180)

IPERS' Fiduciary Net Position - Detailed information about IPERS' fiduciary net position is available in the separately issued IPERS financial report which is available on IPERS' website at www.ipers.org.

Payables to IPERS - At June 30, 2015, the County reported payables to IPERS of \$4,301 for legally required County contributions and \$2,876 for legally required employee contributions which had been withheld from employee wages but not yet remitted to IPERS.

(8) Other Postemployment Benefits (OPEB)

Plan Description – The County operates a single-employer health benefit plan which provides medical/prescription drug benefits for employees, retirees and their spouses. There are 43 active and 1 retired members in the plan. Retired participants must be age 55 or older at retirement.

The medical/prescription drug benefits are provided through a partially self-funded medical plan administered by Wellmark. Retirees under age 65 pay the same premium for the medical/prescription drug benefits as active employees, which results in an implicit rate subsidy and an OPEB liability.

Funding Policy – The contribution requirements of plan members are established and may be amended by the County. The County currently finances the benefit plan on a pay-as-you-go basis.

Annual OPEB Cost and Net OPEB Obligation – The County's annual OPEB cost is calculated based on the annual required contribution (ARC) of the County, an amount actuarially determined in accordance with GASB Statement No. 45. The ARC represents a level of funding which, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed 30 years.

The following table shows the components of the County's annual OPEB cost for the year ended June 30, 2015, the amount actually contributed to the plan and changes in the County's net OPEB obligation:

Annual required contribution	\$ 24,580
Interest on net OPEB obligation	1,326
Adjustment to annual required contribution	<u>(1,266)</u>
Annual OPEB cost	24,640
Contributions made	<u>(24,580)</u>
Increase in net OPEB obligation	60
Net OPEB obligation beginning of year	<u>33,140</u>
Net OPEB obligation end of year	<u>\$ 33,200</u>

For calculation of the net OPEB obligation, the actuary has set the transition day as July 1, 2009. The end of year net OPEB obligation was calculated by the actuary as the cumulative difference between the actuarially determined funding requirements and the actual contributions for the year ended June 30, 2015.

For the year ended June 30, 2015, the County contributed \$24,580 to the medical plan and there were no contributions from plan members eligible for benefits.

The County's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation are summarized as follows:

Year Ended June 30,	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2013	\$ 24,589	99.9%	\$33,009
2014	24,711	99.5	33,140
2015	24,640	99.8	33,200

Funded Status and Funding Progress – As of July 1, 2012, the most recent actuarial valuation date for the period July 1, 2012 through June 30, 2015, the actuarial accrued liability was approximately \$173,000, with no actuarial value of assets, resulting in an unfunded actuarial accrued liability (UAAL) of approximately \$173,000. The covered payroll (annual payroll of active employees covered by the plan) was approximately \$2,391,000 and the ratio of the UAAL to covered payroll was 7.2%. As of June 30, 2015, there were no trust fund assets.

Actuarial Methods and Assumptions – Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality and the health care cost trend. Actuarially determined amounts are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The Schedule of Funding Progress for the Retiree Health Plan, presented as Required Supplementary Information in the section following the Notes to Financial Statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Projections of benefits for financial reporting purposes are based on the plan as understood by the employer and the plan members and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

As of the July 1, 2012 actuarial valuation date, the unit credit actuarial cost method was used. The actuarial assumptions include a 4% discount rate based on the County's funding policy. The projected annual medical trend rate is 9.0%. The ultimate medical trend rate is 5%. The medical trend rate is reduced .05% each year until reaching the 5% ultimate trend rate. An inflation rate of 3% is assumed for the purpose of this computation.

Mortality rates are from the RP2000 Group Annuity Mortality Table, applied on a gender-specific basis. Annual retirement and termination probabilities were developed from the retirement probabilities from the IPERS Actuarial Report as of June 30, 2010 and applying the termination factors used in the IPERS Actuarial Report as of June 30, 2010.

Projected claim costs of the medical plan are \$1,042 per month for retirees less than age 65. The salary increase rate was assumed to be 3% per year. The UAAL is being amortized as a level percentage of projected payroll expense on an open basis over 30 years.

(9) Risk Management

The County is a member of the Iowa Communities Assurance Pool, as allowed by Chapter 331.301 of the Code of Iowa. The Iowa Communities Assurance Pool (Pool) is a local government risk-sharing pool whose 727 members include various governmental entities throughout the State of Iowa. The Pool was formed in August 1986 for the purpose of managing and funding third-party liability claims against its members. The Pool provides coverage and protection in the following categories: general liability, automobile liability, automobile physical damage, public officials liability, police professional liability, property, inland marine and boiler/machinery. There have been no reductions in insurance coverage from prior years.

Each member's annual casualty contributions to the Pool fund current operations and provide capital. Annual operating contributions are those amounts necessary to fund, on a cash basis, the Pool's general and administrative expenses, claims, claims expenses and reinsurance expenses due and payable in the current year, plus all or any portion of any deficiency in capital. Capital contributions are made during the first six years of membership and are maintained at a level determined by the Board not to exceed 300% of the total current members' basis rates or to comply with the requirements of any applicable regulatory authority having jurisdiction over the Pool.

The Pool also provides property coverage. Members who elect such coverage make annual operating contributions which are necessary to fund, on a cash basis, the Pool's general and administrative expenses and reinsurance premiums, losses and loss expenses for property risks estimated for the fiscal year, plus all or any portion of any deficiency in capital. Any year-end operating surplus is transferred to capital. Deficiencies in operations are offset by transfers from capital and, if insufficient, by the subsequent year's member contributions.

The County's property and casualty contributions to the risk pool are recorded as expenditures from its operating funds at the time of payment to the risk pool. The County's contributions to the Pool for the year ended June 30, 2015 were \$140,646.

The Pool uses reinsurance and excess risk-sharing agreements to reduce its exposure to large losses. The Pool retains general, automobile, police professional, and public officials' liability risks up to \$350,000 per claim. Claims exceeding \$350,000 are reinsured through reinsurance and excess risk-sharing agreements up to the amount of risk-sharing protection provided by the County's risk-sharing certificate. Property and automobile physical damage risks are retained by the Pool up to \$250,000 each occurrence, each location. Property risks exceeding \$250,000 are reinsured through reinsurance and excess risk-sharing agreements up to the amount of risk-sharing protection provided by the County's risk-sharing certificate.

The Pool's intergovernmental contract with its members provides that in the event a casualty claim, property loss or series of claims or losses exceeds the amount of risk-sharing protection provided by the County's risk-sharing certificate, or in the event a casualty claim, property loss or series of claims or losses exhausts the Pool's funds and any excess risk-sharing recoveries, then payment of such claims or losses shall be the obligation of the respective individual member against whom the claim was made or loss was incurred.

The County does not report a liability for losses in excess of reinsurance or excess risk-sharing recoveries unless it is deemed probable such losses have occurred and the amount of such loss can be reasonably estimated. Accordingly, at June 30, 2015, no liability has been recorded in the County's financial statements. As of June 30, 2015, settled claims have not exceeded the risk pool or reinsurance coverage since the Pool's inception.

Members agree to continue membership in the Pool for a period of not less than one full year. After such period, a member who has given 60 days prior written notice may withdraw from the Pool. Upon withdrawal, payments for all casualty claims and claim expenses become the sole responsibility of the withdrawing member, regardless of whether a claim was incurred or reported prior to the member's withdrawal. Upon withdrawal, a formula set forth in the Pool's intergovernmental contract with its members is applied to determine the amount (if any) to be refunded to the withdrawing member.

The County also carries commercial insurance purchased from other insurers for coverage associated with workers compensation and employee blanket bond in the amount of \$2,000,000 and \$20,000, respectively. The County assumes liability for any deductibles and claims in excess of coverage limitations. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

(10) Southern Iowa Rural Water Association (SIRWA) Agreement

On May 23, 2005, the County entered into a 28E agreement with SIRWA and nine other counties to provide joint financing of certain water development facilities at Gooseberry Lake to enable SIRWA to withdraw water sufficient to supply treated water to portions of SIRWA's rural water distribution system. Pursuant to the agreement, SIRWA planned to obtain a loan for \$500,000 to cover the initial costs. Liability for repayment of the loan was to be borne by the respective parties (counties) to the agreement. Taylor County's share of the debt was 12.5%, or \$62,500. Each participant was required to establish a SIRWA Grid Sinking Reserve Fund and appropriate to the fund from the County's General Fund sufficient funds to pay the principal and interest on the loan. The County established the Special Revenue, SIRWA Grid Sinking Reserve Fund and transferred \$62,500 from the General Fund to this fund in compliance with the 28E agreement. During the year ended June 30, 2010, the County was informed the project would not proceed and the 28E agreement with SIRWA would be dissolved. The County is waiting for the final dissolution of the 28E agreement and formal termination of the project before determining the disposition of the balance in the SIRWA Grid Sinking Reserve Fund.

(11) Taylor County Financial Information Included in the Southern Hills Mental Health Region

Southern Hills Mental Health Region, a jointly governed organization formed pursuant to the provisions of Chapter 28E of the Code of Iowa which became effective July 1, 2014, includes the following member counties: Adair County, Adams County, Union County and Taylor County. The financial activity of Taylor County's Special Revenue, Mental Health Fund is included in the Southern Hills Mental Health Region for the year ended June 30, 2015, as follows:

Revenues:			
Property and other county tax		\$	130,804
Intergovernmental:			
State tax credits	\$	11,213	
Mental health and disability services transition		21,694	
Social services block grant		3,270	36,177
Miscellaneous			372
Total revenues			167,353
Expenditures:			
Distribution to regional fiscal agent			146,341
Excess of revenues over expenditures			21,012
Fund balance beginning of year			(20,216)
Fund balance end of year		\$	796

(12) Accounting Change/Restatement

Governmental Accounting Standards Board Statement No. 68, Accounting and Financial Reporting for Pensions – an Amendment of GASB Statement No. 27, was implemented during fiscal year 2015. The revised requirements establish new financial reporting requirements for state and local governments which provide their employees with pension benefits, including additional note disclosures and required supplementary information. In addition, GASB Statement No. 68 requires a state or local government employer to recognize a net pension liability and changes in the net pension liability, deferred outflows of resources and deferred inflows of resources which arise from other types of events related to pensions. During the transition year, as permitted, beginning balances for deferred outflows of resources and deferred inflows of resources are not reported, except for deferred outflows of resources related to contributions made after the measurement date of the beginning net pension liability which is required to be reported by Governmental Accounting Standards Board Statement No. 71, Pension Transition for Contributions Made Subsequent to the Measurement Date. Beginning net position for governmental activities was restated to retroactively report the beginning net pension liability and deferred outflows of resources related to contributions made after the measurement date, as follows:

	Governmental Activities
Net position June 30, 2014, as previously reported	\$ 20,053,784
Net pension liability at June 30, 2014	(1,964,994)
Deferred outflows of resources related to prior year contributions made after the June 30, 2013 measurement date	236,914
Net position July 1, 2014, as restated	<u>\$ 18,325,704</u>

Required Supplementary Information

Taylor County
 Budgetary Comparison Schedule of
 Receipts, Disbursements and Changes in Balances –
 Budget and Actual (Cash Basis) – All Governmental Funds

Required Supplementary Information

Year ended June 30, 2015

	Actual	Budgeted Original
Receipts:		
Property and other county tax	\$ 3,750,849	3,778,780
Interest and penalty on property tax	32,965	5,770
Intergovernmental	4,539,545	4,613,243
Licenses and permits	14,190	10,531
Charges for service	221,124	242,810
Use of money and property	83,646	33,905
Miscellaneous	187,917	112,470
Total receipts	8,830,236	8,797,509
Disbursements:		
Public safety and legal services	1,222,554	1,268,519
Physical health and social services	1,018,748	1,083,852
Mental health	155,892	298,723
County environment and education	151,133	306,979
Roads and transportation	3,473,206	3,466,000
Governmental services to residents	334,318	342,731
Administration	688,279	677,138
Debt service	1,036,395	977,260
Capital projects	3,078,580	4,533,844
Total disbursements	11,159,105	12,955,046
Excess (deficiency) of receipts over (under) disbursements	(2,328,869)	(4,157,537)
Other financing sources, net	287,750	-
Excess (deficiency) of receipts and other financing sources over (under) disbursements and other financing uses	(2,041,119)	(4,157,537)
Balance beginning of year	6,861,765	6,144,325
Balance end of year	\$ 4,820,646	1,986,788

See accompanying independent auditor's report.

Amounts	Final to
Final	Actual
	Variance
3,780,040	(29,191)
4,510	28,455
4,704,610	(165,065)
10,531	3,659
242,810	(21,686)
44,105	39,541
125,020	62,897
8,911,626	(81,390)
1,335,481	112,927
1,127,401	108,653
298,723	142,831
365,281	214,148
3,751,000	277,794
351,334	17,016
713,612	25,333
1,038,124	1,729
4,533,844	1,455,264
13,514,800	2,355,695
(4,603,174)	2,274,305
285,000	2,750
(4,318,174)	2,277,055
6,144,325	717,440
1,826,151	2,994,495

Taylor County

Budgetary Comparison Schedule – Budget to GAAP Reconciliation

Required Supplementary Information

Year ended June 30, 2015

	Governmental Funds		
	Cash Basis	Accrual Adjust- ments	Modified Accrual Basis
Revenues	\$ 8,830,236	(22,264)	8,807,972
Expenditures	11,159,105	(279,293)	10,879,812
Net	(2,328,869)	257,029	(2,071,840)
Other financing sources, net	287,750	-	287,750
Beginning fund balances	6,861,765	342,186	7,203,951
Ending fund balances	<u>\$ 4,820,646</u>	<u>599,215</u>	<u>5,419,861</u>

See accompanying independent auditor's report.

Taylor County

Notes to Required Supplementary Information – Budgetary Reporting

June 30, 2015

The budgetary comparison is presented as Required Supplementary Information in accordance with Governmental Accounting Standards Board Statement No. 41 for governments with significant budgetary perspective differences resulting from not being able to present budgetary comparisons for the General Fund and each major Special Revenue Fund.

In accordance with the Code of Iowa, the County Board of Supervisors annually adopts a budget on the cash basis following required public notice and hearing for all funds except Agency Funds and appropriates the amount deemed necessary for each of the different County offices and departments. The budget may be amended during the year utilizing similar statutorily prescribed procedures. Encumbrances are not recognized on the cash basis budget and appropriations lapse at year end.

Formal and legal budgetary control is based upon ten major classes of expenditures known as functions, not by fund. These ten functions are: public safety and legal services, physical health and social services, mental health, county environment and education, roads and transportation, governmental services to residents, administration, non-program, debt service and capital projects. Function disbursements required to be budgeted include disbursements for the General Fund, the Special Revenue Funds, the Debt Service Fund and the Capital Projects Fund. Although the budget document presents function disbursements by fund, the legal level of control is at the aggregated function level, not by fund. Legal budgetary control is also based upon the appropriation to each office or department. During the year, two budget amendments increased budgeted disbursements by \$559,754. The budget amendments are reflected in the final budgeted amounts.

In addition, annual budgets are similarly adopted in accordance with the Code of Iowa by the appropriate governing body as indicated: for the County Extension Office by the County Agricultural Extension Council, for the County Assessor by the County Conference Board, for the E911 System by the Joint E911 Service Board and for Emergency Management Services by the County Emergency Management Commission.

During the year ended June 30, 2015, disbursements did not exceed the amounts budgeted by function.

Taylor County

Taylor County

Schedule of the County's Proportionate Share of the Net Pension Liability

Iowa Public Employees' Retirement System
Last Fiscal Year*
(In Thousands)

Required Supplementary Information

	<u>2015</u>
County's collective proportion of the net pension liability (asset)	0.030002%
County's collective proportionate share of the net pension liability (asset)	\$ 1,190
County's covered-employee payroll	\$ 2,602
County's collective proportionate share of the net pension liability as a percentage of its covered-employee payroll	45.73%
Plan fiduciary net position as a percentage of the total pension liability	87.61%

* The amounts presented for each fiscal year were determined as of June 30.

See accompanying independent auditor's report.

Taylor County
Schedule of County Contributions
Iowa Public Employees' Retirement System
Last Ten Fiscal Years
(In Thousands)

Required Supplementary Information

	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
Statutorily required contribution	\$ 242	237	227	201
Contributions in relation to the statutorily required contribution	<u>(242)</u>	<u>(237)</u>	<u>(227)</u>	<u>(201)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>
County's covered-employee payroll	\$ 2,672	2,602	2,543	2,391
Contributions as a percentage of covered-employee payroll	9.06%	9.11%	8.93%	8.41%

See accompanying independent auditor's report.

GASB Statement No. 68 requires ten years of information be presented in this table. However, until a full 10-year trend is compiled, the County will present information for those years for which information is available.

Taylor County

Notes to Required Supplementary Information – Pension Liability

Year ended June 30, 2015

Changes of benefit terms:

Legislation passed in 2010 modified benefit terms for current Regular members. The definition of final average salary changed from the highest three to the highest five years of covered wages. The vesting requirement changed from four years of service to seven years. The early retirement reduction increased from 3% per year measured from the member's first unreduced retirement age to a 6% reduction for each year of retirement before age 65.

In 2008, legislative action transferred four groups – emergency medical service providers, county jailers, county attorney investigators, and National Guard installation security officers – from Regular membership to the protection occupation group for future service only.

Benefit provisions for sheriffs and deputies were changed in the 2004 legislative session. The eligibility for unreduced retirement benefits was lowered from age 55 by one year each July 1 (beginning in 2004) until it reached age 50 on July 1, 2008. The years of service requirement remained at 22 or more. Their contribution rates were also changed to be shared 50-50 by the employee and employer, instead of the previous 40-60 split.

Changes of assumptions:

The 2014 valuation implemented the following refinements as a result of a quadrennial experience study:

- Decreased the inflation assumption from 3.25% to 3.00%.
- Decreased the assumed rate of interest on member accounts from 4.00% to 3.75% per year.
- Adjusted male mortality rates for retirees in the Regular membership group.
- Reduced retirement rates for sheriffs and deputies between the ages of 55 and 64.
- Moved from an open 30-year amortization period to a closed 30-year amortization period for the UAL beginning June 30, 2014. Each year thereafter, changes in the UAL from plan experience will be amortized on a separate closed 20-year period.

The 2010 valuation implemented the following refinements as a result of a quadrennial experience study:

- Adjusted retiree mortality assumptions.
- Modified retirement rates to reflect fewer retirements.
- Lowered disability rates at most ages.
- Lowered employment termination rates.
- Generally increased the probability of terminating members receiving a deferred retirement benefit.
- Modified salary increase assumptions based on various service duration.

The 2007 valuation adjusted the application of the entry age normal cost method to better match projected contributions to the projected salary stream in the future years. It also included in the calculation of the UAL amortization payments the one-year lag between the valuation date and the effective date of the annual actuarial contribution rate.

The 2006 valuation implemented the following refinements as a result of a quadrennial experience study:

- Adjusted salary increase assumptions to service based assumptions.
- Decreased the assumed interest rate credited on employee contributions from 4.25% to 4.00%.
- Lowered the inflation assumption from 3.50% to 3.25%.
- Lowered disability rates for sheriffs, deputies and protection occupation members.

Taylor County
Schedule of Funding Progress for the
Retiree Health Plan
(In Thousands)

Required Supplementary Information

Year Ended June 30,	Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b - a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
2010	Jul 1, 2009	-	\$ 242	242	0.0%	\$ 2,168	11.2%
2011	Jul 1, 2009	-	242	242	0.0	2,409	10.0
2012	Jul 1, 2009	-	242	242	0.0	2,456	9.9
2013	Jul 1, 2012	-	173	173	0.0	2,275	7.6
2014	Jul 1, 2012	-	173	173	0.0	2,375	7.3
2015	Jul 1, 2012	-	173	173	0.0	2,391	7.2

See Note 8 in the accompanying Notes to Financial Statements for the plan description, funding policy, annual OPEB cost, net OPEB obligation, funded status and funding progress.

See accompanying independent auditor's report.

Supplementary Information

Taylor County
Combining Balance Sheet
Nonmajor Governmental Funds

June 30, 2015

				Special
	County			
	Recorder's			Care
	Records			Facility
	Management	Forfeitures		Building
Assets				
Cash and pooled investments	\$ 4,663	54,447		13,838
Due from other governments	-	-		-
Total assets	\$ 4,663	54,447		13,838
Liabilities and Fund Balances				
Liabilities:				
Accounts payable	\$ -	-		195
Due to other governments	-	-		2,321
Total liabilities	-	-		2,516
Fund balances:				
Restricted for other purposes	4,663	54,447		11,322
Total liabilities and fund balances	\$ 4,663	54,447		13,838

See accompanying independent auditor's report.

Revenue			
Local Option Sales Tax	SIRWA Grid Sinking Reserve	Total	
219,114	62,500	354,562	
20,266	-	20,266	
239,380	62,500	374,828	
30	-	225	
-	-	2,321	
30	-	2,546	
239,350	62,500	372,282	
239,380	62,500	374,828	

Taylor County
Combining Schedule of Revenues, Expenditures and
Changes in Fund Balances
Nonmajor Governmental Funds

Year ended June 30, 2015

			Special
	County Recorder's Records Management	Forfeitures	Care Facility Building
Revenues:			
Local option sales tax	\$ -	-	-
Charges for service	1,284	-	-
Use of money and property	-	-	13,739
Miscellaneous	-	12,747	3,173
Total revenues	1,284	12,747	16,912
Expenditures:			
Operating:			
Public safety and legal services	-	1,462	-
County environment and education	-	-	-
Governmental services to residents	2,884	-	-
Administration	-	-	36,691
Total expenditures	2,884	1,462	36,691
Excess (deficiency) of revenues over (under) expenditures	(1,600)	11,285	(19,779)
Other financing sources:			
Sale of capital assets	-	-	2,750
Change in fund balances	(1,600)	11,285	(17,029)
Fund balances beginning of year	6,263	43,162	28,351
Fund balances end of year	\$ 4,663	54,447	11,322

See accompanying independent auditor's report.

Revenue			
Local Option Sales Tax	SIRWA Grid Sinking Reserve		Total
129,436	-		129,436
-	-		1,284
-	-		13,739
62	-		15,982
129,498	-		160,441
-	-		1,462
53,896	-		53,896
-	-		2,884
-	-		36,691
53,896	-		94,933
75,602	-		65,508
-	-		2,750
75,602	-		68,258
163,748	62,500		304,024
239,350	62,500		372,282

Taylor County
Combining Schedule of Fiduciary Assets and Liabilities
Agency Funds

June 30, 2015

	County Offices	Agricultural Extension Education	County Assessor	Schools	Community Colleges
Assets					
Cash and pooled investments:					
County Treasurer	\$ -	1,509	225,273	68,733	4,003
Other County officials	5,578	-	-	-	-
Receivables:					
Property tax:					
Delinquent	-	172	293	7,352	459
Succeeding year	-	90,000	153,000	4,168,000	239,000
Accounts	115	-	-	-	-
Prepaid items	-	-	5,201	-	-
Total assets	\$ 5,693	91,681	383,767	4,244,085	243,462
Liabilities					
Accounts payable	\$ 1,049	-	1,445	-	-
Salaries and benefits payable	-	-	-	-	-
Due to other funds	1,392	-	-	-	-
Due to other governments	2,883	91,681	376,328	4,244,085	243,462
Trusts payable	369	-	-	-	-
Compensated absences	-	-	5,994	-	-
Total liabilities	\$ 5,693	91,681	383,767	4,244,085	243,462

See accompanying independent auditor's report.

Corpor- ations	Townships	Auto License and Use Tax	Other	Total
20,070	2,278	125,514	143,998	591,378
-	-	-	-	5,578
8,369	16	-	-	16,661
1,066,000	128,000	-	1,000	5,845,000
-	-	-	-	115
-	-	-	1,731	6,932
1,094,439	130,294	125,514	146,729	6,465,664
-	-	-	2,057	4,551
-	-	-	754	754
-	-	-	-	1,392
1,094,439	130,294	125,514	141,469	6,450,155
-	-	-	2,449	2,818
-	-	-	-	5,994
1,094,439	130,294	125,514	146,729	6,465,664

Taylor County
Combining Schedule of Changes in Fiduciary Assets and Liabilities
Agency Funds

Year ended June 30, 2015

	County Offices	Agricultural Extension Education	County Assessor	Schools	Community Colleges
Assets and Liabilities					
Balances beginning of year	\$ 9,559	88,565	379,065	4,021,353	234,154
Additions:					
Property and other county tax	-	90,791	155,636	4,213,164	241,988
E911 surcharge	-	-	-	-	-
State tax credits	-	7,524	14,799	342,461	19,968
Office fees and collections	130,620	-	-	-	-
Electronic transaction fees	-	-	-	-	-
Auto licenses, use tax and postage	-	-	-	-	-
Assessments	-	-	-	-	-
Trusts	31,974	-	-	-	-
Miscellaneous	15,163	-	1,833	-	-
Total additions	177,757	98,315	172,268	4,555,625	261,956
Deductions:					
Agency remittances:					
To other funds	70,043	-	-	-	-
To other governments	79,995	95,199	167,566	4,332,893	252,648
Trusts paid out	31,585	-	-	-	-
Total deductions	181,623	95,199	167,566	4,332,893	252,648
Balances end of year	\$ 5,693	91,681	383,767	4,244,085	243,462

See accompanying independent auditor's report.

Corpora- tions	Townships	Auto License and Use Tax	Other	Total
1,110,004	139,122	144,939	105,353	6,232,114
1,010,119	132,621	-	957	5,845,276
-	-	-	46,488	46,488
156,599	9,243	-	83	550,677
-	-	-	-	130,620
-	-	-	1,267	1,267
-	-	1,929,305	-	1,929,305
-	-	34,347	7,353	41,700
-	-	-	68,897	100,871
-	-	-	53,799	70,795
1,166,718	141,864	1,963,652	178,844	8,716,999
-	-	103,275	-	173,318
1,182,283	150,692	1,879,802	93,316	8,234,394
-	-	-	44,152	75,737
1,182,283	150,692	1,983,077	137,468	8,483,449
1,094,439	130,294	125,514	146,729	6,465,664

Taylor County

Schedule of Revenues By Source and Expenditures By Function –
All Governmental Funds

For the Last Ten Years

	2015	2014	2013	2012
Revenues:				
Property and other county tax	\$ 3,553,111	3,202,539	3,144,805	2,625,373
Local option sales tax	199,132	174,982	197,786	223,876
Interest and penalty on property tax	32,793	36,407	34,621	30,172
Intergovernmental	4,476,827	4,390,596	4,325,426	4,018,382
Licenses and permits	13,673	11,376	18,211	14,991
Charges for service	226,729	254,164	218,298	181,998
Use of money and property	83,608	69,648	42,206	81,394
Miscellaneous	222,099	212,779	243,752	375,840
Total	<u>\$ 8,807,972</u>	<u>8,352,491</u>	<u>8,225,105</u>	<u>7,552,026</u>
Expenditures:				
Operating:				
Public safety and legal services	\$ 1,251,207	1,240,341	972,594	861,724
Physical health and social services	1,019,411	1,029,654	978,082	1,001,890
Mental health	146,341	220,261	411,244	661,178
County environment and education	183,274	332,326	265,601	634,221
Roads and transportation	3,131,219	3,420,299	3,048,635	3,018,866
Governmental services to residents	333,788	314,675	382,556	299,745
Administration	681,521	645,329	612,607	594,981
Debt service	1,011,973	730,759	839,551	197,356
Capital projects	3,121,078	742,959	2,500,535	3,912,468
Total	<u>\$ 10,879,812</u>	<u>8,676,603</u>	<u>10,011,405</u>	<u>11,182,429</u>

See accompanying independent auditor's report.

Modified Accrual Basis					
2011	2010	2009	2008	2007	2006
2,538,207	2,475,724	2,432,311	2,265,195	2,194,279	2,019,603
206,378	178,685	172,166	163,656	175,482	137,824
31,208	33,505	31,213	29,623	28,502	31,257
3,978,151	3,699,525	3,539,127	3,868,432	3,421,429	3,315,325
15,361	14,647	7,378	9,771	10,906	10,636
176,801	162,884	140,161	158,056	159,972	153,664
67,272	67,190	83,731	101,420	112,461	87,895
147,965	119,191	110,727	166,773	158,004	182,748
7,161,343	6,751,351	6,516,814	6,762,926	6,261,035	5,938,952
818,628	790,102	770,502	699,623	670,809	671,836
954,126	888,046	895,522	926,405	915,733	786,264
511,893	512,736	475,259	578,073	599,619	552,081
192,113	267,342	167,562	262,597	172,061	166,628
3,086,672	2,967,517	2,613,123	3,103,584	2,668,989	2,721,434
285,559	272,421	264,705	241,462	231,877	332,668
584,532	570,507	571,514	565,113	530,755	519,928
208,634	200,911	204,867	173,987	89,578	201,648
495,022	126,421	19,507	613,520	520,176	3,747,310
7,137,179	6,596,003	5,982,561	7,164,364	6,399,597	9,699,797

Taylor County



OFFICE OF AUDITOR OF STATE

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Mary Mosiman, CPA
Auditor of State

Independent Auditor's Report on Internal Control
over Financial Reporting and on Compliance and Other Matters
Based on an Audit of Financial Statements Performed in Accordance with
Government Auditing Standards

To the Officials of Taylor County:

We have audited in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Taylor County, Iowa, as of and for the year ended June 30, 2015, and the related Notes to Financial Statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated February 4, 2016.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Taylor County's internal control over financial reporting to determine the audit procedures appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Taylor County's internal control. Accordingly, we do not express an opinion on the effectiveness of Taylor County's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility a material misstatement of the County's financial statements will not be prevented or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified a deficiency in internal control, described in the accompanying Schedule of Findings as item (A), we consider to be a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Taylor County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, non-compliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and,

accordingly, we do not express such an opinion. The results of our tests disclosed no instances of non-compliance or other matters that are required to be reported under Government Auditing Standards. However, we noted certain immaterial instances of non-compliance or other matters which are described in the accompanying Schedule of Findings.

Comments involving statutory and other legal matters about the County's operations for the year ended June 30, 2015 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the County. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.


Taylor County's Responses to the Findings


Taylor County's responses to the findings identified in our audit are described in the accompanying Schedule of Findings. Taylor County's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing and not to provide an opinion on the effectiveness of the County's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the County's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

We would like to acknowledge the many courtesies and assistance extended to us by personnel of Taylor County during the course of our audit. Should you have any questions concerning any of the above matters, we shall be pleased to discuss them with you at your convenience.


MARY MOSIMAN, CPA
Auditor of State


WARREN G. JENKINS, CPA
Chief Deputy Auditor of State

February 4, 2016

Taylor County
Schedule of Findings
Year ended June 30, 2015

Finding Related to the Financial Statements:

INTERNAL CONTROL DEFICIENCY:

(A) Segregation of Duties – During our review of internal control, the existing procedures are evaluated in order to determine incompatible duties, from a control standpoint, are not performed by the same person. This segregation of duties helps to prevent losses from employee error or dishonesty and, therefore, maximizes the accuracy of the County's financial statements. Generally, one or two individuals in the County Recorder's Office may have control over the following areas for which no compensating controls exist:

- (1) Incoming mail is not opened by an employee who is not authorized to make entries to the accounting records.
- (2) The individual who signs checks is not independent of the individual who approves disbursements, handles petty cash, records cash receipts and prepares checks.

Recommendation – We realize segregation of duties is difficult with a limited number of office employees. However, the County Recorder should review the operating procedures to obtain the maximum internal control possible under the circumstances utilizing currently available staff, including elected officials and personnel from other County offices, to provide additional control through review of financial transactions, reconciliations and reports. Evidence of the review should be documented by the signature or initials of the independent reviewer and the date of the review.

Response – We are limited to our options because of our low workforce, but we will attempt to segregate duties as much as possible.

Conclusions – Response accepted.

INSTANCES OF NON-COMPLIANCE:

No matters were noted.

Taylor County
Schedule of Findings
Year ended June 30, 2015

Findings Related to Required Statutory Reporting:

- (1) Certified Budget – Disbursements during the year ended June 30, 2015 did not exceed the amounts budgeted by function.
- (2) Questionable Expenditures – No expenditures we believe may not meet the requirements of public purpose as defined in an Attorney General's opinion dated April 25, 1979 were noted.
- (3) Travel Expenses – No expenditures of County money for travel expenses of spouses of County officials or employees were noted.
- (4) Business Transactions – Business transactions between the County and County officials or employees are detailed as follows:

Name, Title and Business Connection	Transaction Description	Amount
Lori Hughes, Deputy Recorder, spouse is the County Auditor's brother and owns Hughes Feed and Supply	Corrugated pipe and miscellaneous items	\$ 16,864
Josh Weed, County Sheriff, owns Hawn Sanitation	Garbage and sanitation services and rental	1,950
Andy Thomas, spouse of public health nurse Julie Thomas, independent contractor	Various handyman work and travel expenses	4,364

These transactions may represent conflicts of interest as defined in Chapter 331.342 of the Code of Iowa since the transactions with each individual were greater than \$1,500 during the fiscal year and were not competitively bid.

Recommendation – The County should consult legal counsel to determine the disposition of this matter.

Response – We want to keep our services to Taylor County residents. There is no direct correlation between Taylor County's employees and the services.

Conclusion – Response acknowledged. The Board of Supervisors should consult legal counsel regarding transactions with related parties and the provisions of Chapter 331.342 of the Code of Iowa.

- (5) Bond Coverage – Surety bond coverage of County officials and employees is in accordance with statutory provisions. The amount of all bonds should be periodically reviewed to ensure the coverage is adequate for current operations.
- (6) Board Minutes – No transactions were found that we believe should have been approved in the Board minutes but were not.
- (7) Deposits and Investments – No instances of non-compliance with the deposit and investment provisions of Chapter 12B and Chapter 12C of the Code of Iowa and the County's investment policy were noted.

Taylor County

Schedule of Findings

Year ended June 30, 2015

- (8) Resource Enhancement and Protection Certification – The County properly dedicated property tax revenue to conservation purposes as required by Chapter 455A.19(1)(b) of the Code of Iowa in order to receive the additional REAP funds allocated in accordance with subsections (b)(2) and (b)(3).
- (9) County Extension Office – The County Extension Office is operated under the authority of Chapter 176A of the Code of Iowa and serves as an agency of the State of Iowa. This fund is administered by an Extension Council separate and distinct from County operations and, consequently, is not included in Exhibits A or B.

Disbursements during the year ended June 30, 2015 for the County Extension Office did not exceed the amount budgeted.

Taylor County

Staff

This audit was performed by:

Timothy D. Houlette , CPA, Manager
Kaylynn D. Short, CPA, Senior Auditor
Trent M. Mussmann, Staff Auditor
Eileen D. Loomis, Assistant Auditor
Marcus B. Johnson, Staff Auditor

A handwritten signature in black ink, reading "Andrew E. Nielsen". The signature is fluid and cursive, with the first name "Andrew" and last name "Nielsen" clearly legible.

Andrew E. Nielsen, CPA
Deputy Auditor of State